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MEMORANDUM

To: CMAP Economic Development Committee

From: Lindsay Hollander, Senior Policy Analyst

Date: April 16, 2013

Re: Economic Development Incentives Project Update

In January 2012, the Regional Tax Policy Task Force recommended that CMAP analyze how sales tax rebates affect development and land use decisions. This recommendation emerged from discussions about the local tax incentives involved in the attraction of large, sales taxgenerating establishments, and the land use and transportation impacts of these developments. While the Task Force focused specifically on sales tax rebates, local governments have utilized a range of other economic development incentives. In its discussion of the Task Force's report, the CMAP Board directed CMAP staff to conduct a detailed study on how and where these tools have been used and the impact of the tools on local and regional economic development.

This study will focus on four incentive programs that are utilized by local governments in the region. In addition to the Regional Tax Policy Task Force's original recommendation to study sales tax rebates, this report will also include Tax Increment Financing (TIF) districts, Cook County property tax incentive classes, and property tax abatements. The purpose of this memorandum is to provide an update on the project.

Case Studies

A broad list of development projects in the metropolitan Chicago that received locally-based incentives was assembled by S.B. Friedman, who is under contract with CMAP for this project. From this list, CMAP picked 50 case studies for further research: 20 sales tax rebates, 20 TIF projects, 5 property tax abatements, and 5 Cook County incentive class properties. Because little was known about the projects besides the location and the incentive used, the case studies were picked only using geographic criteria in order to get an even distribution throughout the CMAP region. CMAP is analyzing these case studies in order to make observations about the impact of incentives in the region.

Next Steps

Staff would like feedback from the Committee on the progress of this project. The final report will be completed in July 2013.